

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 17, 1957

IN THE MATTER OF:

Case No. 1236

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTE FE
3-6691 2-2211

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 17, 1957

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IN THE MATTER OF: :

Application of Continental Oil Company for :
a non-standard gas proration unit in the :
Blinebry Gas Pool, Lea County, New Mexico, :
in exception to Rule 5 (A) of the Special :
Rules and Regulations for said pool. Ap- :
plicant, in the above-styled cause, seeks :
an order establishing a 160-acre non-standard : Case No.
gas proration unit in the Blinebry Gas Pool : 1236
consisting of Lot 15, N/2 SE/4 and SE/4 :
Se/4 of Section 3, Township 21 South, Range :
37 East, Lea County, New Mexico; said unit :
to be dedicated to Applicant's W. C. Hawk :
"B-3" Well No. 3 located 1980 feet from the :
South and East lines of said Section 3. :
:

BEFORE:

Honorable E. L. Mechem
Mr. A. L. Porter
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PORTER: The Commission will consider next Case 1236.

MR. COOLEY: Case 1236. Application of Continental Oil
Company for a non-standard gas proration unit in the Blinebry Gas
Pool, Lea County, New Mexico, in exception to Rule 5 (A) of the
Special Rules and Regulations for said pool.

MR. KELLAHINE: If the Commission please, I am Jason
Kellahine appearing for the applicant in this case. We have one
witness, Mr. R. C. Lannen, who will also testify in the next case

case too.

MR. COOLEY: Let the record show that the witness has been sworn for Case 1236 and Case 1237.

(Witness sworn.)

R. C. LANNEN

called as a witness, being first duly sworn, testified as follows:

DIRECT EXAMINATION

BY: MR. KELLAHIN:

Q Would you state your name, please.

A Richard C. Lannen.

Q And by whom are you employed, Mr. Lannen?

A Continental Oil Company.

Q And what is your position with Continental Oil Company?

A District engineer.

Q Have you previously testified before this Commission as an expert engineer and had your qualifications accepted by the Commission?

A Yes.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. PORTER: They are.

Q Mr. Lannen, are you familiar with the application in Case 1236?

A I am.

Q Will you please state what the general purpose of this application is?

A Continental Oil Company requests exception to Rule 5 (A) of the Special Rules and Regulations for the Blinbry Gas Pool

contained in Order No. R-610 in the establishment of a non-standard gas proration unit of 160-acres consisting of lots 15, 17, 18, and 24, of Section 3, Township 21 South, Range 37 East, New Mexico Prime Meridian, Lea County, New Mexico, to be allocated to its Hawk "B-3" Well No. 3.

Q Have you had occasion to study the area and the well under consideration in this case? A I have.

Q You are therefore familiar with the well and the area?

A I am.

Q Now, referring to what has been marked as Exhibit No. 1, will you explain this exhibit?

A Exhibit No. 1 is an ownership and location plat showing the Continental Oil Company's Hawk B-3 Lease. The lease is located in Section 3, Township 21 South, Range 37 East, Lea County, New Mexico. The Hawk "B-3" Lease is a non-contiguous lease, and consists of Lots 1, 2, 3, 4, 7, 8, 12, 15, 16, and the North Half of the Southeast Quarter and the Southeast Quarter of the Southeast Quarter of Section 3.

Q This case is concerned only with that portion of the lease containing Lots 15, 16, and the North Half of the Southeast Quarter and the Southeast Quarter of the Southeast Quarter of Section 3, is that correct? A Yes, sir, it is.

Q And where is the Hawk "B-3" No. 3 well located?

A The Hawk "B-3" No. 3 well is located 1980 feet from the South, and 1980 feet from the East line of Section 3.

Q Is Continental Oil Company the co-owner of this acreage?

A Yes, Continental Oil Company is the co-owner and operator of the Hawk "B-3" Lease and royalty interests are the same for the entire lease.

Q Now, referring again to Exhibit No. 1, will you please explain the various colors used on this plat?

A Well, shown encircled in red is the Continental Hawk "B-3" Well No. 3. The well is located 1980 feet from the south line and 1980 feet from the East line of Section 3. The well was dual completed October 2, 1955, in the Blinebry Formation for gas. The well produces oil from the Drinkard Formation. The Commission issued Order No. DC-223, August 18, 1955, approving the dual completion of this well. Commission NSP Order No. 202, dated November 15, 1955, assigned a 160-acre allowable in the Blinebry Gas Pool. The Commission authorized production to commence on January 20, 1956.

Outlined in yellow is the 160-acre unit presently assigned to the Hawk "B-3" No. 3 well by NSP Order No. 202. NSP 202 is still in effect and the acreage outlined in yellow is presently dedicated to the well.

Outlined in red is the 160-acre non-standard gas proration unit which Continental proposed to assign to the Hawk "B-3" No. 3 well. The request for this unit is the cause for this hearing.

Outlined in green are Blinebry Pool gas proration units which offset the Continental Hawk "B-3" No. 3 Lease. The Blinebry Pool

gas wells which produce for these respective gas proration units are encircled in green.

Also shown is the Hawk "B-3" No. 1 well located in Lot 16 presently in the Drinkard Pool. It is Continental's intention to plug back the No. 1 well to the Blinebry Formation and recomplete the well as a Terry Blinebry or Blinebry Pool oil well.

Q In that event, Mr. Lannen, unless this application is approved, you will have a dual dedication of acreage, is that correct?

A Yes, sir.

Q Now, the 40-acre tract on which the No. 1 well is located is presently included in the 160-acre unit assigned to the No. 3 well, is that correct?

A That is correct. Lot 16 was assigned to the No. 3 gas well by NSP Order No. 202.

Q The cause for this hearing is to re-allocate a 160-acre non-standard gas proration unit to the No. 3 Blinebry Pool gas well so as to exclude Lot 16, is that correct?

A That is correct.

Q Is the re-allocation of the gas proration unit to the No. 3 well in the interests of the prevention of waste and the protection of correlative rights?

A Yes, sir, it is. The Southeast Quarter of the Southeast Quarter of Section 3, Township 21 South, Range 37 East is, at the present time, not assigned to Blinebry Formation production. Re-allocation of the acreage assigned the No. 3 well will enable

Continental to meet offset obligations and will permit the Southeast Quarter of the Southeast Quarter to be allocated to gas production.

Q Is there another Blinebry Pool gas well to which this acreage could be assigned?

A There is not. All surrounding Blinebry Pool gas wells are presently assigned 160-acre units.

Q And that is a standard unit for this pool, is that right?

A Yes.

Q Would you explain the exhibit which as been marked Exhibit No. 2?

A Exhibit No. 2 is a radioactivity log of the Hawk "B-3" No. 3 well.

Marked in red are the top of the Glorieta, the Blinebry Marker, the Tubb Marker and the top of the Drinkard Formation.

Shown in green are the upper and lower Blinebry Pool limits as defined by the Commission with respect to the Blinebry Marker.

Also shown are the perforated intervals in both the Blinebry and Drinkard Formations.

Positive separation between the Drinkard and Blinebry Formations is with a Baker Model D Production Packer which is set at 6590 feet. The Drinkard produces through tubing. The Blinebry produces through the tubing casing annulus.

Q Referring to what has been marked as Exhibit No. 3, will you please explain that exhibit?

A Exhibit No. 3 is a structure plat contoured on top of the

Blinebry Marker on 25 foot intervals. Encircled in red is the Hawk "B-3" No. 3 Blinebry Pool gas well.

Q Can it reasonably be presumed that the acreage to be assigned the No. 3 well is gas productive?

A It can. As shown by the Blinebry structure in the area, the acreage proposed for assignment to the No. 3 well is structurally comparable to acreage presently assigned to Blinebry gas production.

Q Is the Hawk "B-3" No. 3 well capable of producing for a 160-acre gas proration unit?

A It is. As shown by the March 1957 Gas Proration Schedule, the well was 21,966 MCF gas overproduced.

Q Is the establishment of a 160-acre non-standard proration unit for assignment to well No. 3 the most practical and economic method of allocating said acreage for Blinebry Gas Pool gas production?

A Yes, it is.

Q Does the proposed unit exceed 2640 feet in length?

A Yes, it is 3960 feet in length, and for this reason the unit must be considered a non-standard unit.

Q Does the non-standard proration unit consist of quarter-quarter sections and/or lots, with a common side between any two adjacent quarter-quarter sections and/or lots? A It does.

Q Does the non-standard proration unit lie wholly with a single governmental quarter section?

A No. This also requires that the unit be a non-standard proration unit.

MR. KELLAHIN: We offer in evidence Exhibits 1, 2, and 3 inclusive.

MR. PORTER: Without objection, Exhibits 1, 2, and 3 will be admitted. Do you have anything you care to add, Mr. Kellahin?

MR. KELLAHIN: That is all our testimony, sir.

MR. PORTER: Does any one have any questions of Mr. Lannen?

MR. UTZ: I have some.

MR. PORTER: Mr. Utz.

CROSS EXAMINATION

BY: MR. UTZ:

Q Mr. Lannen, if you plug back the Hawk 3 No. 1 well, do you have to complete it? A No.

Q You only filed notice of intention to do that?

A Yes, sir.

MR. UTZ: That is all.

MR. PORTER: Mr. Mankin.

BY: MR. MANKIN:

Q Following in the same line of questioning that Mr. Utz just presented, I was under the impression that the Hawk "B-3" well No. 1 was a Tubb oil well.

A Well, there always has appeared to be quite a bit of confusion on this Hawk "B-3" Lease. The lease contains Blinebry, Tubb, Harper, Bronson, and Drinkard pool production, five pools on

one lease. When the nomenclature was established for the pools on the lease, the wells were numbered one, two, three, four, and five, and the suffix behind the number would indicate the pool it was in, so actually, the Hawk "B-3" No. 1 is in the Tubb, or is the Hawk "B-3" No. 1-T the one you are speaking of?

Q Well, I am speaking of the 1-T.

A Yes, sir.

Q Not the one in question, which you said is presently a Drinkard Well, and would be plugged back to the Blinebry.

A Yes, sir.

Q So there are two wells?

A There are actually four in that section.

Q I mean, as far as the Tubb, the Drinkard, and the Blinebry?

A Yes.

Q What would be your recommendation after this well is plugged back, this well No. 1, from the Drinkard to the Blinebry? Should it be in the Blinebry or Terry Blinebry Oil Pool? Presently, the area is the Blinebry Oil Pool, is it not?

A I recommend that it be deleted from the Blinebry Pool and added to the Terry Blinebry Pool.

Q You feel that the characteristics you might find there would be similar to the Terry Blinebry rather than the Blinebry Oil Pool?

A Yes, sir.

MR. MANKIN: That is all.

MR. UTZ: I have one more question.

BY: MR. UTZ:

Q When you plug back your Hawk "B-3" No. 1, and should you not get an oil well but a gas well, what would be your alternative then?

A Well, that's -- right now that seems to be a far-fetched alternative. We thoroughly anticipate oil without any doubt. If it was classified as a gas well, we would subsequently have to allocate sufficient acreage to produce it.

Q Where would you get that acreage?

A Well, we would have two gas wells in the one area that the hundred and sixty acres is allocated to, the No. 3 well. It would have to be 120 to one and 80 to another. We would have to have two standard units. We would have to make application for another NSP, two, in fact.

MR. UTZ: That's all.

A But that's a distant alternative that we are not considering at all.

MR. UTZ: Do you think that you will be able to make an oil well out of it?

A Yes.

MR. PORTER: Mr. Cooley.

BY: MR. COOLEY:

Q Mr. Lannen, I am sure you testified to this while we were discussing other matters, but I would like to get it clarified for the record once again. The proposed unit is all part of the Hawk

"B-3" Lease?

A Yes.

Q And it is owned entirely by Continental Oil Company?

A It is operated by Continental. It is part of the New Mexico Federal Unit.

Q Part of New Mexico Federal Unit?

A It is operated by Continental and owned twenty-five per cent by Continental.

Q You mentioned there were five pools there. I guess the Paddock Pool didn't reach quite that far?

A No, not the Paddock.

MR. COOLEY: That is all.

MR. PORTER: Any other questions of the witness? Anyone have anything further to offer in this case? If not, we will take the case under advisement and proceed to case 1237.

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me in Stenotype at the time and place hereinbefore set forth; that same was thereafter transcribed into typewritten transcript by me, and that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 2nd day of May, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My Commission Expires:

October 5, 1960